

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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ORDER NO. WFX-582

APPLICATION OF PELTO OIL COMPANY TO EXPAND ITS WATERFLOOD PROJECT
IN THE TWIN LAKES SAN ANDRES ASSOCIATED POOL IN CHAVES COUNTY, NEW
MEXICO

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-8611, Pelto Oil Company has made application to the Division on May 8, 1989 for permission to expand its Twin Lakes San Andres Waterflood Project in the Twin Lakes San Andres Associated Pool in Chaves County, New Mexico.

NOW, on this 24th day of May, 1989, the Division Director finds that:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection wells are eligible for conversion to water injection under the terms of Rule 701.
- (5) The proposed expansion of the above-referenced waterflood project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Pelto Oil Company, be and the same is hereby authorized to inject water into the San Andres formation at approximately 2566 feet to approximately 2717 feet through 1 1/2 & 2 3/8-inch plastic lined tubing set in a packer located approximately within 100 feet of the uppermost injection perforations in the following described wells for purposes of secondary recovery to wit:

<u>Wells & Locations</u>	<u>Maximum Surface Injection Pressure</u>
Twin Lakes San Andres Unit Well No. 74 1980' FSL & 1980' FWL (Unit K) Section 1, Township 9 South, Range 28 East, NMPM;	517 PSIG
Twin Lakes San Andres Unit Well No. 1 2310' FNL & 2310' FWL (Unit F) Section 25, Township 8 South, Range 28 East, NMPM;	513 PSIG
Kuchemann Well No. 2 2310' FNL & 660' FWL (Unit E) Section 30, Township 8 South, Range 29 East, NMPM;	525 PSIG

All in Chaves County, New Mexico.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the wells, the casing in each well shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

Prior to commencing injection operations into the aforesaid TLSAU Well No. 74, the applicant shall cement the O'Brien "C" Well No. 9 located in Unit E of Section 1, Township 9 South, Range 28 East, NMPM, above, across and below the San Andres formation in a manner acceptable to the supervisor of the Artesia district office of the Division.

The casing-tubing annulus in each well shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection wells or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection wells to the pressures described above.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said wells that such higher pressure will not result in migration of the injected fluid from the San Andres formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

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The operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

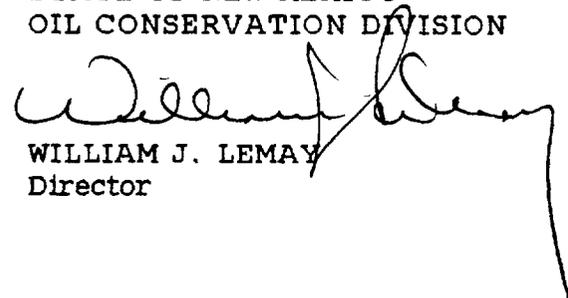
The operator shall immediately notify the supervisor of the Artesia district office of the Division of the failure of the tubing, casing or packer in said wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Approved at Santa Fe, New Mexico, on this 24th day of May, 1989.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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